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## EU Aims to Reduce Net Emissions and Protect Biodiversity through Adoption of Carbon Sinks Goal

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On March 14, 2023, the European Parliament gave its final approval for member nations to implement stricter national targets relating to emissions reduction and the protection and expansion of CO<sub>2</sub>-absorbing natural ecosystems known as “**Carbon Sinks**.” The new targets are part of a **broader package** of legislative proposals setting out how the EU intends to achieve carbon neutrality by 2050 and also aims to promote biodiversity in line with the European Green Deal.

The EU 2030 targets are set out in **proposed amendments** to EU Regulation 2018/841. They apply to net greenhouse gas removals in the land, land use change and forestry sector (LULUCF). The targets aim to compel EU Member States to improve natural carbon sinks and reduce greenhouse gases, with sanctions for non-compliance. Targets are imposed for each Member State based on GDP per capita and cost-effectiveness. Member States will be required to ensure that they do not exceed their GHG emission allocation for the LULUCF sector across a four-year budget period running between 2026-2029.

Under the proposed targets, Member States will be required to undertake corrective action if progress towards their target is insufficient. The proposals will allow Member States to trade emissions credits under existing frameworks including the Effort Sharing Regulation. The accompanying press release states that, “monitoring, reporting, and verification of emissions and removals will be improved, including by using more geographical data and remote sensing, so that EU countries’ progress towards achieving their targets can be followed more accurately.”

The law has to be formally endorsed by European Council, and then will be published in the EU Official Journal and “enter into force 20 days later.”

**Taking the Temperature: The proposed EU legislation represents a continuation of the EU’s ongoing legislative program aimed at achieving carbon neutrality by 2050. The**

development is notable because, although it is primarily focused on emissions-reduction, it also requires EU Member States to consider biodiversity and climate issues jointly by encouraging the preservation of CO<sub>2</sub>-absorbing natural ecosystems (such as forests). The incorporation of biodiversity preservation in emissions reduction aligns with the [EU's biodiversity strategy for 2030](#). As we [have reported](#), while for years climate change mitigation and adaptation drew the lion's share of attention, in recent years legislators, regulators, NGOs and companies have increasingly been taking biodiversity impacts into account, recognizing the nexus among climate change, the resulting impacts on nature, and the corresponding actual or potential effects on business.

This increased nature-related focus accelerated as a result of the [Kunming-Montreal Global Biodiversity Framework \(GBF\)](#) agreed to at the December 2022 [United Nations Biodiversity Conference \(COP15\)](#) in Montreal, Canada. Among other things, the GBF commits participating countries to protect at least 30% the planet's lands, inland waters, coastal areas and oceans by 2030 (known as the "30x30" target). Also last year, Sylvie Goulard, Deputy Governor of the Banque de France, the French central bank, [stated](#) that central banks need to take more aggressive action regarding nature-related risk. And, in November 2022, the Global Reporting Initiative (GRI) [launched a consultation](#) on the latest draft of their biodiversity disclosure standard which is expected to be published in the second half of 2023.